

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California
INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES AND
FEATHER WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

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INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND THE
FEATHER WATER DISTRICT
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THIS CONTRACT, made this 28th day of February 2001, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), as amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and THE FEATHER WATER DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in Sutter County, California;

WITNESSETH, That:

1 EXPLANATORY RECITALS

2 WHEREAS, the United States has constructed and is operating the Central Valley
3 Project, California for diversion, storage, carriage, distribution and beneficial use, for flood
4 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and
5 restoration, generation and distribution of electric energy, salinity control, navigation and other
6 beneficial uses, of waters of the Sacramento River, the
7 American River, the Trinity River, and the San Joaquin River and their tributaries; and

8 WHEREAS, the Contractor has obtained from the State of California Water
9 Resources Control Board a Permit 12094 pursuant to "Application No. 14803 to Appropriate
10 Unappropriated Water" (hereinafter referred to as "Permit 12094") to appropriate water by direct
11 diversion from the Feather River on the condition, among others, that no water shall be diverted
12 until an agreement has been consummated between the Contractor and the United States
13 providing for a concurrent exchange of water from the Central Valley Project for water diverted
14 under the permit to the extent necessary to supply the prior rights of the Sacramento River and
15 the Sacramento-San Joaquin delta users; and

16 WHEREAS, the Contractor and the United States entered into Contract No.
17 14-06-200-171-A, dated June 26, 1962, which provided for Central Valley Project water to be
18 delivered in the Sacramento River for diversion by exchange from the Feather River by the
19 Contractor; and

20 WHEREAS, the Contractor and the United States entered into interim renewal
21 contract(s) identified as Contract No(s). 14-06-200-171-A-IR1, 14-06-200-171-A-IR2, 14-06-
22 200-171-A-IR3, 14-06-200-171-A-IR4, and 14-06-200-171-A-IR5, the latter of which is
23 hereinafter referred to as the Existing Interim Renewal Contract, which provided for the

1 continued water service to the Contractor from December 1, 2000 through February 28, 2001;
2 and

3 WHEREAS, the Contractor has requested a subsequent interim renewal contract
4 pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the
5 State of California, for water service from the Central Valley Project; and

6 WHEREAS, the United States has determined that the Contractor has to date
7 fulfilled all of its obligations under the Existing Interim Renewal Contract; and

8 WHEREAS, The Contracting Officer has determined that the Contractor has the
9 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
10 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
11 interim renewal contract; and

12 WHEREAS, rights of renewal of Contract No. 14-06-200-171-A and to convert
13 said contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939
14 (53 Stat. 1187) are set forth in said contract; and

15 WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water
16 service contracts until the completion of appropriate environmental documentation, including a
17 programmatic environmental impact statement ("PEIS") pursuant to the National Environmental
18 Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA
19 and the potential renewal of all existing contracts for Project Water; and

20 WHEREAS, in order to continue water service provided under Project water
21 service contracts that expire prior to the completion of the PEIS, the United States intends to
22 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for
23 successive interim periods of not more than two (2) Years in length, until appropriate
24 environmental documentation, including the PEIS, is finally completed, at which time the

Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-five (25) Years; and may thereafter renew such long-term renewal contracts for successive periods not to exceed twenty-five (25) Years each; and

WHEREAS, the Secretary intends to assure uninterrupted water service and continuity of contract through the process set forth in Article 2 hereof; and

WHEREAS, the United States is willing to renew the Existing Interim Renewal Contract pursuant to section 3404(c)(1) of the CVPIA on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby mutually agreed by the parties hereto as follows:

DEFINITIONS

1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the intent hereof, the term:

(a) "Calendar Year" shall mean the period January 1 through December 31, both dates inclusive;

(b) "Charges" shall mean the payments in addition to the Rates determined annually by the Contracting Officer, required by the Federal Reclamation law, including Section 3407 (the Restoration Fund) of the CVPIA;

(c) "Contractor's Service Area" shall mean the area within the Contractor's current district boundaries as identified on Exhibit "A" attached hereto and made a part hereof. The Contractor's Service Area and Exhibit "A" may be revised without amending this contract if such revisions are accomplished in accordance with California law and are acceptable to the Contracting Officer;

1 (d) "CVPIA" shall mean the Central Valley Project Improvement Act,
2 Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

3 (e) "Eligible Lands" shall mean all lands to which Irrigation Water may
4 be delivered in accordance with Section 204 of the Reclamation Reform Act of October
5 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

6 (f) "Excess Lands" shall mean all lands defined as excess in Section 204
7 of the RRA, other than those lands exempt from acreage limitation under Federal
8 Reclamation law;

9 (g) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
10 or 202(3) of the RRA, whichever is applicable;

11 (h) "Ineligible Lands" shall mean all lands to which Irrigation Water may
12 not be delivered in accordance with Section 204 of the RRA;

13 (i) "Irrigation Water" shall mean Replaced Water which is used primarily
14 in the production of agricultural crops or livestock, including domestic use incidental
15 thereto, and watering of livestock.

16 (j) "Landholder" shall mean an individual or entity attributed with the total
17 irrigable acreage of one or more tracts of land situated in one or more districts owned
18 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
19 with the United States;

20 (k) "O&M" shall mean normal and reasonable care, control, operation, repair,
21 replacement and maintenance of Project facilities;

22 (l) "Other Water" shall mean Replaced Water which is used primarily for
23 landscaping or for pasturing of animals (e.g., horses) which are kept for personal
24 enjoyment or which is delivered to landholdings operated in units of five (5) acres or less;

1 Provided, that if the Contractor establishes to the satisfaction of the Contracting Officer
2 that the use of the water delivered to any such landholdings is a use described in
3 subdivision (i) of this article, then such water will be treated as Irrigation Water;

4 (m) "Project" shall mean the Central Valley Project owned by the United
5 States and operated by the Department of the Interior, Bureau of Reclamation;

6 (n) "Project Water" shall mean all water that is developed, diverted, stored, or
7 delivered by the United States in accordance with the statutes authorizing the Project and
8 in accordance with the terms and conditions of applicable water rights permits and
9 licenses acquired by and/or issued to the United States pursuant to California law;

10 (o) "Rates" shall mean the payments determined annually by the Contracting
11 Officer in accordance with the then current applicable water ratesetting policies for the
12 Project;

13 (p) "Replaced Water" shall mean Project Water which is delivered in the
14 Sacramento River at the confluence with the Feather River and thence diverted by the
15 Contractor from the Feather River by exchange at points of diversion on the Feather River
16 which are approved by the Contracting Officer.

17 (q) "Secretary" or "Contracting Officer" shall mean the Secretary of the
18 United States Department of the Interior or his duly authorized representative;

19 (r) "Year" shall mean the period from and including March 1 of each
20 Calendar Year through the last day of February of the following Calendar Year.

21 TERM OF CONTRACT - RIGHT TO USE OF WATER

22 2. (a) This interim renewal contract shall be effective from March 1, 2001 and
23 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in
24 this article. Except as provided in subdivision (b) of this Article, until completion of all

1 appropriate environmental review, and provided that the Contractor has complied with all the
2 terms and conditions of the interim renewal contract in effect for the period immediately
3 preceding the requested successive interim renewal contract, this interim renewal contract will be
4 renewed, upon request of the Contractor, for successive interim periods each of which shall be no
5 more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in
6 order to promote orderly and cost effective contract administration, the terms and conditions in
7 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim
8 renewal contract immediately preceding the subsequent interim renewal contract: Provided,
9 however, That each party preserves the right to propose modification(s) in any interim renewal
10 contract other than those described in subdivision (b) of this Article, in which case the parties
11 shall negotiate in good faith appropriate modification(s) to be included in any successive interim
12 renewal contracts. Said modification(s) of each successive interim renewal contract shall be
13 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal
14 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion
15 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
16 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
17 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
18 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
19 Contractor asserts that Contract No. 14-06-200-171-A and existing law go beyond the preceding
20 sentence to give it enforceable rights to successive long-term renewal contracts. The Contracting
21 Officer disagrees with that assertion. The parties agree that this interim renewal contract
22 preserves the rights and positions of the parties and that the omission of language in this interim
23 renewal contract setting out the rights asserted by the Contractor to successive renewals is not
24 intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any such

1 rights are later determined to exist by a court of competent jurisdiction or by mutual agreement of
2 the parties. If a court of competent jurisdiction or the parties by mutual agreement determine that
3 incorporation of such language in this interim renewal contract is necessary to preserve such
4 rights, this interim renewal contract shall be construed as incorporating such language as though
5 fully set forth herein as of the effective date hereof.

6 (b) The parties anticipate that they will engage in good faith negotiations
7 intended to permit the execution of a twenty-five (25) Year long-term renewal contract
8 contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal
9 contract”, by the end of the term hereof. The parties recognize the possibility that this schedule
10 may not be met. Accordingly:

11 (1) In the event (i) the Contractor and Contracting Officer have
12 reached agreement on the terms of the Contractor’s long-term renewal contract or (ii) the
13 Contractor and Contracting Officer have not completed the negotiations on the Contractor’s
14 long-term renewal contract, believe that further negotiations on that contract would be beneficial,
15 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all
16 environmental documentation required to allow execution of the Contractor’s long-term renewal
17 contract by both parties has not been completed in time to allow execution of the Contractor’s
18 long-term renewal contract by November 30, 2001, then (iv) the parties will expeditiously
19 complete the environmental documentation required of each of them in order to execute the
20 Contractor’s long-term renewal contract at the earliest practicable date. In addition, the
21 Contractor’s then current interim renewal contract will be renewed without change upon the
22 request of either party through the agreed-upon effective date of the Contractor’s long-term
23 renewal contract or, in the absence of agreement on the terms of the Contractor’s long-term
24 renewal contract, through the succeeding February 28.

1 (2) Provided that this interim renewal contract is not subject to renewal
2 under the terms described in subdivision (1) of this Article, if a party determines that the parties
3 have reached an impasse which they have been unable to resolve and which precludes agreement
4 on the long-term renewal contract, that party may notify the other that it has concluded that there
5 is no reasonable likelihood of reaching agreement on the terms of a long-term renewal contract.
6 In the event of such notice, the parties will immediately agree to a schedule and process for
7 negotiating the terms (other than any terms that would impair continuity of water supply or
8 continuity of contract) of and executing an interim renewal contract; provided that neither party
9 will propose for inclusion in the interim renewal contract any provision not previously included
10 in an existing interim renewal contract which it had previously proposed for inclusion in the
11 long-term renewal contract and which was the subject of an impasse in the long-term renewal
12 contract negotiations. The schedule will provide for completion of the negotiations of the terms
13 of that contract by February 1, 2002, and for execution of the contract on or about February 15,
14 2002. The parties each acknowledge the right of either party to seek judicial relief in connection
15 with any impasse reached in connection with negotiation of the long-term renewal contract
16 and/or an interim renewal contract that would become effective on or after February 28, 2002.

17 (c) The parties acknowledge that the Contractor asserts that it is entitled as a
18 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that
19 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an
20 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge
21 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to
22 proceed with the development of a long-term renewal contract in an expeditious and orderly
23 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of
24 the Contractor to subsequent interim renewal contracts should they become necessary, and the

1 terms thereof, and (iii) their agreement to the process and interim renewal contract terms
2 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such
3 rights or positions, all of which are and will be expressly preserved.

4 (d) The omission of language in this interim renewal contract providing for
5 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment
6 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's
7 right to assert a right to have such language included in subsequent renewals of this interim
8 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the
9 language regarding such conversion to be included in subsequent renewal contracts.

10 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

11 3. (a) Subject to the provisions set forth in this subdivision (a) and in Articles 9
12 and 10 hereof, and consistent with applicable State water rights, permits and licenses, the
13 Contractor is entitled to, and the Contracting Officer shall be obligated to make available to the
14 Contractor, up to 20,000 acre-feet of Project Water for irrigation and/or other purposes during the
15 term of this interim renewal contract, which Project Water shall be delivered in the Sacramento
16 River at the confluence with the Feather River and diverted by the Contractor from the Feather
17 River by exchange, subject to the following conditions:

18 (1) During the months of June, July, August, and September of each
19 Year, all water diverted by the Contractor from the Feather River shall be deemed, solely for the
20 purposes of this contract, to be Replaced Water: Provided, that during these four months, the
21 Contracting Officer shall not be obligated to deliver to the Contractor more than 18,533 acre-feet
22 of Project Water and the Contractor shall not divert more than 18,533 acre-feet of water from the

1 Feather River or the quantity available to it pursuant to Article 9 and 10 hereof, whichever is less.

2 (2) Diversions of water by the Contractor from the Feather River
3 during any other months of the Year shall be deemed, solely for the purposes of this contract, to
4 be water the Contractor is entitled to divert under Permit 12094, not Replaced Water, except
5 when the State of California Water Resources Control Board determines that insufficient water is
6 available in the Feather River during those other months, or portions thereof, for the Contractor
7 to divert under its Permit 12094, in which event all diversions made from the Feather River by
8 the Contractor after the date specified in the Board's notice of unavailability of water shall
9 necessarily be Replaced Water and the Contracting Officer, subject to the provisions set forth in
10 Articles 9 and 10 hereof, shall be obligated to make available to the Contractor up to the full
11 20,000 acre-feet of Project Water to which the Contractor is entitled.

12 (3) If the date specified in the Board's notice terminating the period of
13 curtailment falls before June 1, then water diverted from the Feather River by the Contractor after
14 the date specified in the said notice, but before June 1, shall be deemed, solely for the purposes of
15 this contract, to be water the Contractor is entitled to divert under Permit 12094, not Replaced
16 Water. If the date specified in the Board's notice terminating the period of curtailment falls after
17 September 30, then water diverted from the Feather River by the Contractor after the date
18 specified in the said notice shall be deemed, solely for the purposes of this contract, to be water
19 the Contractor is entitled to divert under Permit 12094, not Replaced Water. The quantity of
20 Project Water delivered to the Contractor in accordance with this Article 3(a) in any Year shall
21 be scheduled and paid for pursuant to the provisions of Articles 4 and 7 hereof, and shall not
22 exceed the quantity of Replaced Water the Contractor intends to put to reasonable beneficial use
23 within the Contractor's Service Area.

1 (b) The Contractor shall utilize the Replaced Water made available to it
2 pursuant to this interim renewal contract in accordance with all applicable requirements of any
3 Biological Opinion addressing the execution of this interim renewal contract developed pursuant
4 to Section 7 of the Endangered Species Act of 1973, as amended, and in accordance with such
5 environmental documentation as may be required for specific activities.

6 (c) The Contractor shall make reasonable and beneficial use of the Replaced
7 Water furnished pursuant to this interim renewal contract.

8 (d) If the Contracting Officer determines that Project Water, or other water
9 available to the Project, can be made available to the Contractor in addition to the quantity of
10 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
11 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
12 quantity of such water, the Contracting Officer shall make such water available to the Contractor
13 in accordance with applicable statutes, regulations, guidelines and policies.

14 (e) The Contractor's right pursuant to Federal Reclamation law and applicable
15 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any
16 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal
17 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
18 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
19 shall affect the Contracting Officer's ability to impose shortages under Article 10(b) of this
20 interim renewal contract and the applicable provisions of any such renewal thereof.

21 (f) Project Water furnished to the Contractor pursuant to this interim renewal
22 contract may be delivered for purposes other than those described in subdivisions (i) and (l) of
23 Article 1 upon written approval by the Contracting Officer in accordance with the terms and
24 conditions of such approval.

1 TIME FOR DELIVERY OF WATER

2 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer
3 shall declare the amount of Project Water estimated to be made available to the Contractor
4 pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated
5 monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall
6 make available the forecast of Project operations, with relevant supporting information, upon the
7 written request of the Contractor or its representatives. Upon written request of the Contractor,
8 the Contracting Officer shall provide the basis of the estimate which shall include, but not be
9 limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of
10 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act and all other
11 regulatory impacts.

12 (b) On or before each March 1, the Contractor shall submit to the Contracting
13 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting
14 Officer, showing the times, and quantities of Project Water to be delivered by the United States
15 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,
16 consistent with subdivision (a) of Article 3 herein.

17 (c) Subject to the conditions set forth in subdivision (a), Article 3, the United
18 States shall deliver Project Water to the Contractor in accordance with the initial schedule
19 submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto
20 submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to
21 be implemented.

22 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

23 5. (a) The Project Water to be furnished to the Contractor pursuant to this
24 interim renewal contract shall be made available to the Contractor in the Sacramento River at the

1 confluence with the Feather River for diversion from the Feather River by exchange at such point
2 or points on the Feather River as may be mutually agreed to in writing by the Contracting Officer
3 and the Contractor consistent with Permit 12094.

4 (b) Replaced Water furnished to the Contractor pursuant to this interim
5 renewal contract shall be delivered by the Contractor in accordance with any applicable land
6 classification provisions of Federal Reclamation law and the associated regulations. Replaced
7 Water shall not be delivered to land outside the Contractor's Service Area unless approved in
8 advance by the Contracting Officer.

9 (c) All Replaced Water diverted by the Contractor from the Feather River
10 pursuant to this interim renewal contract shall be measured and recorded with equipment
11 furnished, installed, operated and maintained by the Contractor at the point or points of diversion
12 established pursuant to subdivision (a) of this Article. Upon the request of either party to this
13 interim renewal contract, the Contracting Officer shall investigate the accuracy of such
14 measurements and shall take any necessary steps to adjust any errors appearing therein. The
15 Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month
16 of the quantity of Other Water taken during the preceding month.

17 (d) The United States shall not be responsible for the control, carriage,
18 handling, use, disposal, or distribution of Replaced Water made available to the Contractor
19 pursuant to this interim renewal contract beyond the diversion points specified pursuant to
20 subdivision (a) of this Article. The Contractor shall indemnify the United States and its officers,
21 employees, agents and assigns on account of damage or claim of damage of any nature
22 whatsoever for which there is legal responsibility, including property damage, personal injury or
23 death arising out of or connected with the control, carriage, handling, use, disposal, or
24 distribution of such Replaced Water beyond such diversion points, except for any damage or

1 claim arising out of (i) acts performed by the United States or any of its officers, employees,
2 agents or assigns, with the intent of creating the situation resulting in any damage or claim, (ii)
3 willful misconduct of the United States or any of its officers, employees, agents, or assigns, or
4 (iii) negligence of the United States or any of its officers, employees, agents or assigns.

5 MEASUREMENT OF WATER WITHIN THE DISTRICT

6 6. (a) The Contractor shall ensure that, unless the Contractor has established an
7 alternative measurement program satisfactory to the Contracting Officer, all surface water
8 delivered within the Contractor's Service Area is measured at each agricultural turnout or other
9 service connection. All water measuring devices or water measuring methods of comparable
10 effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible
11 for installing, operating, and maintaining and repairing all such measuring devices and
12 implementing all such water measuring methods at no cost to the United States. The Contractor
13 shall use the information obtained from such water measuring devices or water measuring
14 methods to ensure proper management of the water, to bill water users for water delivered by the
15 Contractor, and, if applicable, to record deliveries of Other Water by customer class as defined in
16 its water conservation plan. Nothing herein contained, however, shall preclude the Contractor
17 from establishing and collecting any charges, assessments or other revenues authorized by
18 California law. The Contractor shall include a summary of its annual surface water deliveries in
19 the annual report described in Article 23(c).

20 (b) Omitted.

21 (c) All new surface water delivery systems installed within the Contractor's
22 Service Area after the effective date of this interim renewal contract shall also comply with the
23 measurement provisions described in subdivision (a) of this Article.

1 (d) The Contractor shall inform the Contracting Officer in writing by April 30,
2 and the State of California in writing by the date specified in Permit 12094, of each Year of the
3 monthly volume of surface water delivered within the Contractor's Service Area during the
4 previous Year.

5 RATES AND METHOD OF PAYMENT FOR WATER

6 7. (a) The Contractor shall pay the United States in monthly payments as
7 provided in this Article for the quantities of Replaced Water furnished to the Contractor pursuant
8 to this interim renewal contract. Such payments shall consist of the applicable Rates and
9 Charges determined annually in accordance with applicable Federal law and associated
10 regulations. Irrigation Water shall be subject to the Rates and Charges that are applicable to
11 irrigation uses, while Other Water, if any, shall be subject to the Rates and Charges that are
12 applicable to miscellaneous purposes pursuant to section 9(c) of the Act of August 4, 1939 (53
13 Stat. 1187). The Rates and Charges applicable upon execution of this interim renewal contract
14 are set forth in Exhibit "B."

15 (b) The Contracting Officer shall notify the Contractor of the Rates and
16 Charges as follows:

17 (1) Prior to July 1, of each Calendar Year, the Contracting Officer shall
18 provide the Contractor the preliminary calculation of the Charges that will be applied for the
19 period October 1, of the current Calendar Year, through September 30, of the following Calendar
20 Year, and identify the statutes, regulations and guidelines used as the basis for such calculations.
21 On or before September 15, of each Calendar Year, the Contracting Officer shall notify the
22 Contractor in writing of the Charges to be in effect during the period October 1, of the current
23 Calendar Year, through September 30, of the following Calendar Year, and such notification
24 shall revise Exhibit "B."

1 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
2 shall make available to the Contractor an estimate of the Rates of payment for the following Year
3 and the computations and cost allocations upon which those Rates are based. The Contractor
4 shall be allowed not less than two months to review and comment on such computations and cost
5 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
6 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall
7 revise Exhibit "B."

8 (c) At the time the Contractor submits the initial schedule for the delivery of
9 Project Water for each Year pursuant to Article 4(b) of this interim renewal contract, the
10 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)
11 for all Project Water scheduled to be delivered pursuant to this interim renewal contract during
12 the first two (2) calendar months of the Year. Before the end of the first month or part thereof of
13 the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant
14 to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim
15 renewal contract during the second month immediately following. Adjustments between the
16 payments for the scheduled amount of Project Water and the appropriate payments for quantities
17 of Replaced Water diverted pursuant to this interim renewal contract each month shall be made
18 before the end of the following month: Provided, That any revised schedule submitted by the
19 Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered
20 pursuant to this interim renewal contract during any month shall be accompanied with
21 appropriate payment for Rates to assure that Project Water is not furnished to the Contractor in
22 advance of such payment. In any month in which the quantity of Replaced Water diverted by the
23 Contractor pursuant to this interim renewal contract equals the quantity of Project Water
24 scheduled and paid for by the Contractor, no additional Project Water shall be made available to

1 the Contractor unless and until payment of Rates for such additional Project Water is made.
2 Final adjustment between the payments of Rates for the Project Water scheduled and the
3 quantities of Replaced Water actually diverted during each Year pursuant to its contract shall be
4 made as soon as possible but no later than April 30th of the following Year.

5 (d) The Contractor shall pay all Charges owing for Replaced Water before the
6 end of the month following the month of delivery. Such amounts shall be consistent with the
7 quantities of Irrigation Water and of Other Water shown in the United States' water delivery
8 report for the subject month. The water delivery report shall be regarded by the Contractor as a
9 bill for the payment of appropriate Charges. Any monthly adjustment for overpayment or
10 underpayment of Charges shall be accomplished through the adjustment of Charges due to the
11 United States in the next month. By March 31, of each Year, the Contractor shall make any
12 additional payment of Charges it is obligated to make for Replaced Water furnished to the
13 Contractor pursuant to its contract for the previous Year. The amount to be paid for past due
14 payment of Charges shall be computed pursuant to Article 17 of this interim renewal contract.

15 (e) The Contractor shall pay for any Project Water provided under Article 3(d)
16 as determined by the Contracting Officer pursuant to applicable statutes, regulations, guidelines
17 and policies.

18 (f) Payments to be made by the Contractor to the United States under this
19 interim renewal contract may be paid from any revenues available to the Contractor.

20 (g) Revenues received by the United States pursuant to this interim renewal
21 contract shall be allocated and applied in accordance with Federal Reclamation law, including
22 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and
23 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of
24 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the

1 Project Irrigation Water ratesetting policy promulgated pursuant to the Administrative
2 Procedures Act.

3 (h) At the Contractor's request, the Contracting Officer shall provide to the
4 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
5 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
6 determine that the allocation of expenses and disposition of all revenues received was
7 accomplished in conformance with Federal Reclamation law and the associated regulations. The
8 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any
9 discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

10 (i) The parties acknowledge and agree that the efficient administration of this
11 interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that
12 mechanisms, policies and procedures used for establishing Rates and Charges, and/or for making
13 and allocating payments, other than those set forth in this Article would be in the mutual best
14 interest of the parties, it is expressly agreed that the parties may enter into agreements for
15 alternative mechanisms, policies and procedures for any of those purposes while this interim
16 renewal contract is in effect without amending this contract.

17 APPLICATION OF PAYMENTS AND ADJUSTMENTS

18 8. (a) The amount of any overpayment by the Contractor shall be applied first to
19 any accrued indebtedness arising out of this interim renewal contract then due and payable by the
20 Contractor. Any amount of such overpayment then remaining shall, at the option of the
21 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
22 States from the Contractor under the provisions hereof in the following months. With respect to
23 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
24 having or claiming to have the right to the use of any of the water supply provided for herein.

1 (b) All advances for miscellaneous costs incurred for work requested by the
2 Contractor pursuant to Article 22 shall be adjusted to reflect the actual costs when the work has
3 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
4 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
5 billed for the additional costs pursuant to Article 22.

6 TEMPORARY REDUCTIONS--RETURN FLOWS

7 9. (a) Subject to: (i) the authorized purposes and priorities of the Project; and (ii)
8 the obligations of the United States under existing contracts, or renewals thereof, providing for
9 water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to
10 optimize Project Water deliveries to the Contractor as provided in the contract.

11 (b) The United States may temporarily discontinue or reduce the quantity of
12 Project Water to be delivered to the Contractor as herein provided for the purposes of
13 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or
14 any part thereof necessary for the delivery of Project Water to the Contractor, but so far as
15 feasible the Contracting Officer will give the Contractor due notice in advance of such temporary
16 discontinuance or reduction, except in case of emergency, in which case no notice need be given:
17 Provided, That the United States shall use its best efforts to avoid any discontinuance or
18 reduction in such service. Upon resumption of service after such reduction or discontinuance, and
19 if requested by the Contractor, the United States will, if possible, deliver the quantity of Project
20 Water which would have been delivered hereunder in the absence of such discontinuance or
21 reduction: Provided further, That with respect to any quantity of Project Water not delivered
22 after a discontinuance or reduction, the Contractor shall be relieved of its scheduling and
23 payment obligations for such quantity of Project Water.

1 (c) The United States reserves the right to all seepage and return flow water
2 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
3 the Contractor's Service Area: Provided, That this shall not be construed as claiming for the
4 United States any right to seepage or return flow being put to reasonable and beneficial use
5 pursuant to this interim renewal contract within the Contractor's Service Area by the Contractor
6 or those claiming by, through, or under the Contractor.

7 WATER SHORTAGE AND APPORTIONMENT

8 10. (a) In its operation of the Project, the Contracting Officer will use all
9 reasonable means to guard against a condition of shortage in the quantity of water to be made
10 available to the Contractor pursuant to this contract. Insofar as determined by the Contracting
11 Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable,
12 notify the Contractor of such determinations as soon as possible.

13 (b) If there is a reduction in the total water supply available to the Contractor
14 during any Year because of errors in physical operations of the Project, drought, other physical
15 causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer
16 to meet legal obligations, no liability shall accrue against the United States or any of its officers,
17 agents, or employees for any damages, direct or indirect, arising therefrom, so long as actions
18 based upon the opinions or determinations of the Contracting Officer are consistent with the
19 standards in Article 18.

20 (c) In any Year in which there may occur a shortage for any of the reasons
21 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project
22 Water supply among the Contractor and others entitled, under existing contracts and future
23 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of

1 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the
2 contractual obligations of the United States.

3 UNAVOIDABLE GROUNDWATER PERCOLATION

4 11. The Contractor shall not be deemed to have furnished Irrigation Water to Excess
5 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are
6 irrigated with groundwater that reaches the underground strata as an unavoidable result of the
7 furnishing of Irrigation Water by the Contractor to Eligible Lands.

8 COMPLIANCE WITH FEDERAL RECLAMATION LAW

9 12. This interim renewal contract shall be implemented in accordance with all
10 applicable provisions of Federal Reclamation law, as amended and supplemented.

11 WATER AND AIR POLLUTION CONTROL

12 13. The Contractor, in carrying out this contract, shall comply with all applicable
13 water and air pollution laws and regulations of the United States and the State of California, and
14 shall obtain all required permits or licenses from the appropriate Federal, State, or local
15 authorities.

16 QUALITY OF WATER

17 14. (a) Project facilities used to make available and deliver Project Water to the
18 Contractor in the Sacramento River at the confluence with the Feather River pursuant to this
19 interim renewal contract shall be operated and maintained to enable the United States to make
20 available Project Water to the Contractor in the Sacramento River at the confluence with the
21 Feather River in accordance with the water quality standards specified in subsection 2(b) of the
22 Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986
23 (100 Stat. 3050) or other existing Federal laws. The United States is under no obligation to
24 construct or furnish water treatment facilities to maintain or to better the quality of Project Water
25 delivered to the Contractor, or of Replaced Water diverted by the Contractor, pursuant to this

1 contract. The United States does not warrant the quality of Project Water made available and
2 delivered to the Contractor, nor of Replaced Water diverted by the Contractor, pursuant to this
3 contract.

4 (b) The operation and maintenance of Project facilities shall be performed in
5 such manner as is practicable to maintain the quality of raw water made available through such
6 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The
7 Contractor shall be responsible for compliance with all State and Federal water quality standards
8 applicable to surface and subsurface agricultural drainage discharges generated through the use of
9 Federal or Contractor facilities or Replaced Water provided by the Contractor within the
10 Contractor's Service Area. This Article shall not affect or alter any legal obligations of the
11 Secretary to provide drainage services.

12 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
13 FROM THE UNITED STATES

14 15. Water or water rights now owned or hereafter acquired by the Contractor other
15 than from the United States and Irrigation Water and Other Water furnished pursuant to the terms
16 of this interim renewal contract may be simultaneously transported through the same distribution
17 facilities of the Contractor subject to the following: (i) if the facilities utilized for commingling
18 Irrigation Water, Other Water, and non-Project water were constructed without funds made
19 available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be
20 applicable only to the Landholders of lands which receive Irrigation Water or Other Water; (ii)
21 the eligibility of land to receive Irrigation Water or Other Water must be established through the
22 certification requirements as specified in the Acreage Limitation Rules and Regulations (43 CFR
23 Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area can
24 be established and the quantity of Irrigation Water or Other Water to be utilized is less than or

1 equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for
2 commingling Irrigation Water, Other Water, and non-Project water are constructed with funds
3 made available pursuant to Federal Reclamation law, the non-Project water will be subject to
4 Federal Reclamation law, until such funds have been repaid.

5 OPINIONS AND DETERMINATIONS

6 16. (a) Where the terms of this interim renewal contract provide for actions to be
7 based upon the opinion or determination of either party to this contract, said terms shall not be
8 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable
9 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
10 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
11 damages, for any such arbitrary, capricious or unreasonable opinion or determination. Each
12 opinion or determination by either party shall be provided in a timely manner.

13 (b) The Contracting Officer shall have the right to make determinations
14 necessary to administer this interim renewal contract that are consistent with the expressed and
15 implied provisions of this contract, the laws of the United States and the State of California, and
16 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall
17 be made in consultation with the Contractor to the extent reasonably practicable.

18 CHARGES FOR DELINQUENT PAYMENTS

19 17. (a) The Contractor shall be subject to interest, administrative and penalty
20 charges on delinquent installments or payments. When a payment is not received by the due
21 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
22 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
23 administrative charge to cover additional costs of billing and processing the delinquent payment.
24 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
25 charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further,
26 the Contractor shall pay any fees incurred for debt collection services associated with a
27 delinquent payment.

1 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
2 in the Federal Register by the Department of the Treasury for application to overdue payments, or
3 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act
4 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
5 remain fixed for the duration of the delinquent period.

6 (c) When a partial payment on a delinquent account is received, the amount
7 received shall be applied, first to the penalty, second to the administrative charges, third to the
8 accrued interest, and finally to the overdue payment.

9 EQUAL OPPORTUNITY

10 18. During the performance of this contract, the Contractor agrees as follows:

11 (1) The Contractor will not discriminate against any employee or applicant for
12 employment because of race, color, religion, sex, or national origin. The Contractor will
13 take affirmative action to ensure that applicants are employed, and that employees are
14 treated during employment, without regard to their race, color, religion, sex, or national
15 origin. Such action shall include, but not be limited to, the following: Employment,
16 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or
17 termination, rates of payment or other forms of compensation; and selection for training,
18 including apprenticeship. The Contractor agrees to post in conspicuous places, available
19 to employees and applicants for employment, notices to be provided by the Contracting
20 Officer setting forth the provisions of this nondiscrimination clause.

21 (2) The Contractor will, in all solicitations or advertisements for employees
22 placed by or on behalf of the Contractor, state that all qualified applicants will receive
23 consideration for employment without discrimination because of race, color, religion, sex,
24 or national origin.

25 (3) The Contractor will send to each labor union or representative of workers
26 with which it has a collective bargaining agreement or other contract or understanding, a
27 notice, to be provided by the Contracting Officer, advising the said labor union or
28 workers' representative of the Contractor's commitments under Section 202 of Executive
29 Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous
30 places available to employees and applicants for employment.

31 (4) The Contractor will comply with all provisions of Executive Order No.
32 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant
33 orders of the Secretary of Labor.

34 (5) The Contractor will furnish all information and reports required by said
35 amended Executive Order and by the rules, regulations, and orders of the Secretary of
36 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by
37 the Contracting Officer and the Secretary of Labor for purposes of investigation to
38 ascertain compliance with such rules, regulations, and orders.

1 (6) In the event of the Contractor's noncompliance with the nondiscrimination
2 clauses of this contract or with any of the said rules, regulations, or orders, this contract
3 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
4 be declared ineligible for further Government contracts in accordance with procedures
5 authorized in said amended Executive Order, and such other sanctions may be imposed
6 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order
7 of the Secretary of Labor, or as otherwise provided by law.

8 (7) The Contractor will include the provisions of paragraphs (1) through (7) in
9 every subcontract or purchase order unless exempted by the rules, regulations, or orders
10 of the Secretary of Labor issued pursuant to Section 204 of said amended Executive
11 Order, so that such provisions will be binding upon each subcontractor or vendor. The
12 Contractor will take such action with respect to any subcontract or purchase order as may
13 be directed by the Secretary of Labor as a means of enforcing such provisions, including
14 sanctions for noncompliance: Provided, however, That in the event the Contractor
15 becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a
16 result of such direction, the Contractor may request the United States to enter into such
17 litigation to protect the interests of the United States.

18 GENERAL OBLIGATION--BENEFITS
19 CONDITIONED UPON PAYMENT

20 19. (a) The obligation of the Contractor to pay the United States as provided in
21 this contract is a general obligation of the Contractor notwithstanding the manner in which the
22 obligation may be distributed among the Contractor's water users and notwithstanding the default
23 of individual water users in their obligations to the Contractor.

24 (b) The payment of charges becoming due hereunder is a condition precedent
25 to receiving benefits under this contract. The United States shall not make water available to the
26 Contractor through project facilities during any period in which the Contractor may be in arrears
27 in the advance payment of water rates due the United States. The Contractor shall not furnish
28 water made available pursuant to this contract for lands or parties which are in arrears in the
29 advance payment of water rates levied or established by the Contractor.

30 COMPLIANCE WITH CIVIL RIGHTS LAWS
31 AND REGULATIONS

32 20. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
33 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
34 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
35 laws, as well as with their respective implementing regulations and guidelines imposed by the
36 U.S. Department of the Interior and/or Bureau of Reclamation.

37 (b) These statutes require that no person in the United States shall, on the
38 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
39 denied the benefits of, or be otherwise subjected to discrimination under any program or activity
40 receiving financial assistance from the Bureau of Reclamation. By executing this contract, the

1 Contractor agrees to immediately take any measures necessary to implement this obligation,
2 including permitting officials of the United States to inspect premises, programs, and documents.

3 (c) The Contractor makes this agreement in consideration of and for the
4 purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other
5 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
6 Reclamation, including installment payments after such date on account of arrangements for
7 Federal financial assistance which were approved before such date. The Contractor recognizes
8 and agrees that such Federal assistance will be extended in reliance on the representations and
9 agreements made in this Article, and that the United States reserves the right to seek judicial
10 enforcement thereof.

11 PRIVACY ACT COMPLIANCE

12 21. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
13 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
14 seq.) in maintaining landholder acreage certification and reporting records, required to be
15 submitted to the Contractor for compliance with sections 206 and 228 of the Reclamation
16 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

17 (b) With respect to the application and administration of the criminal penalty
18 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees
19 responsible for maintaining the certification and reporting records referenced in (a) above are
20 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

21 (c) The Contracting Officer or a designated representative shall provide the
22 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
23 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
24 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
25 information contained in the landholder's certification and reporting records.

26 (d) The Contracting Officer shall designate a full-time employee of the Bureau
27 of Reclamation to be the System Manager who shall be responsible for making decisions on
28 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
29 Contractor is authorized to grant requests by individuals for access to their own records.

30 (e) The Contractor shall forward promptly to the System Manager each
31 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
32 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
33 Manager with information and records necessary to prepare an appropriate response to the
34 requester. These requirements do not apply to individuals seeking access to their own
35 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
36 requester elects to cite the Privacy Act as a basis for the request.

1 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

2 22. In addition to all other payments to be made by the Contractor pursuant to this
3 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
4 and detailed statement submitted by the Contracting Officer to the Contractor for such specific
5 items of direct cost incurred by the United States for work requested by the Contractor associated
6 with this interim renewal contract plus a percentage of such direct costs for administrative and
7 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.
8 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in
9 advance by the Contractor. This Article shall not apply to costs for routine contract
10 administration.

11 WATER CONSERVATION

12 23. (a) Prior to the delivery of water provided from or conveyed through Federally
13 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be
14 implementing an effective water conservation program based on the Contractor's water
15 conservation plan that has been determined by the Contracting Officer to meet the conservation
16 and efficiency criteria established under Federal law. The water conservation program shall
17 contain definite water conservation objectives, appropriate economically feasible water
18 conservation measures, and time schedules for meeting those objectives.

19 (b) As part of the water conservation program, the Contractor shall develop
20 and be implementing a tiered block water pricing program that promotes conservation and the
21 efficient management of Project Water during the term of this contract. Such pricing program for
22 Project Water shall take into account all relevant circumstances, including without limitation,
23 water shortages imposed under this interim renewal contract and the availability and cost of the
24 Contractor's and individual water user's non-Project alternative sources of supply, including

1 ground water and other non-Project water supplies, so that the Contractor's pricing structure
2 provides incentives for conservation and the efficient management of overall water supply
3 available to water users served by the Contractor. Provided, That no such tiered block water
4 pricing program need be implemented by the Contractor if the Contracting Officer determines,
5 based on information provided by the Contractor, that (i) such a pricing structure will not result
6 in significant conservation of water available for use within the Contractor's service area,
7 including ground water or (ii) other pricing program, conservation or management measures are
8 more appropriate and/or will result in comparable or better conservation of the water supplies
9 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects
10 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract
11 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of
12 the CVPIA.

13 (c) The Contractor shall submit to the Contracting Officer by
14 December 31, of each Calendar Year, an annual report on the status of its implementation of the
15 water conservation program.

16 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

17 24. Except as specifically provided in Articles 3(a) and 15 of this contract, the
18 provisions of this interim renewal contract shall not be applicable to or affect water or water
19 rights now owned or hereafter acquired by the Contractor or any user of such water within the
20 Contractor's Service Area from other than the United States by the Contractor. Any such water
21 shall not be considered Project Water or Replaced Water under this contract. In addition, this
22 interim renewal contract shall not be construed as limiting or curtailing any rights which the
23 Contractor or any water user within the Contractor's Service Area acquires or has available under
24 any other contract pursuant to the Federal Reclamation law.

1 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

2 25. The expenditure or advance of any money or the performance of any obligation of
3 the United States under this contract shall be contingent upon appropriation or allotment of
4 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
5 obligations under this contract. No liability shall accrue to the United States in case funds are not
6 appropriated or allotted.

7 BOOKS RECORDS AND REPORTS

8 26. The Contractor shall establish and maintain accounts and other books and records
9 pertaining to administration of the terms and conditions of this contract, including: the
10 Contractor's financial transactions, water supply data, and Project land and right-of-way
11 agreements; the water users' land-use (crop census), landownership, land-leasing and water use
12 data; and other matters that the Contracting Officer may require. Reports thereon shall be
13 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
14 Officer may require. Subject to applicable Federal laws and regulations, each party to this
15 contract shall have the right during office hours to examine and make copies of the other party's
16 books and records relating to matters covered by this contract.

17 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

18 27. (a) The provisions of this contract shall apply to and bind the successors and
19 assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest
20 therein shall be valid until approved in writing by the Contracting Officer.

21 (b) The assignment of any right or interest in this interim renewal contract by
22 either party shall not interfere with the rights or obligations of the other party to this interim
23 renewal contract absent the written concurrence of said other party.

24 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

25 28. The Contractor and the Contracting Officer concur that, at the time of the
26 execution of Contract No. 14-06-200-171-A-IR1, the Contractor had paid all of its non-interest
27 bearing operation and maintenance deficits and shall have no further liability therefor.

28 SEVERABILITY

29 29. In the event that a person or entity who is neither (i) a party to a Project interim
30 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
31 interim renewal contract, nor (iii) an association or other form of organization whose primary

1 function is to represent parties to Project interim renewal contracts, brings an action in a court of
2 competent jurisdiction challenging the legality or enforceability of a provision included in this
3 interim renewal contract and said person, entity, association, or organization obtains a final court
4 decision holding that such provision is legally invalid or unenforceable and the Contractor has
5 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal
6 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court
7 decision identify by mutual agreement the provisions in this interim renewal contract which must
8 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate
9 revision(s). The time periods specified above may be extended by mutual agreement of the
10 parties. Pending the completion of the actions designated above, to the extent it can do so
11 without violating any applicable provisions of law, the United States shall continue to make the
12 quantities of Project Water specified in this interim renewal contract available to the Contractor
13 pursuant to the provisions of this interim renewal contract which were not found to be legally
14 invalid or unenforceable in the final court decision.

15 OFFICIALS NOT TO BENEFIT

16 30. No Member of or Delegate to Congress, Resident Commissioner or official of the
17 Contractor shall benefit from this contract other than as a water user or landowner in the same
18 manner as other water users or landowners.

19 CHANGES IN CONTRACTOR'S BOUNDARIES

20 31. While this contract is in effect, no change may be made in the Contractor's
21 boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger or otherwise,
22 except upon the Contracting Officer's written consent and upon approval by the State of
23 California Water Resources Control Board of a change in the permitted place of use, if required,
24 under Permit 12094.

25 NOTICES

26 32. Any notice, demand, or request authorized or required by this contract shall be
27 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
28 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349

1 Shasta Dam Boulevard, Shasta Lake, California 96019-8400, and on behalf of the United States,
2 when mailed, postage prepaid, or delivered to the Board of Directors of the Feather Water
3 District, 280 Wilkie Avenue, Yuba City, California 95991. The designation of the addressee or
4 the address may be changed by notice given in the same manner as provided in this Article for
5 other notices.

1 IN WITNESS WHEREOF, the parties hereto have executed this interim renewal contract as of
2 the day and year first above written.

3 THE UNITED STATES OF AMERICA

FEATHER WATER DISTRICT

4 By: /s/ Lowell F. Ploss
5 Acting Regional Director
6 Mid-Pacific Region
7 Bureau of Reclamation

By: /s/ Neill Mitchell
President

8 (SEAL)
9

Attest: /s/ Dennis Serger
Secretary

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR